



US Department  
of Transportation

**Research and  
Special Programs  
Administration**

400 Seventh St., S.W.  
Washington, D.C. 20590

AUG - 6 2003

Mr. W. D. Scott  
Senior Vice President  
Colonial Pipeline Company  
945 East Paces Ferry Road  
Atlanta, GA 30326

RE: CPF No. 29504

Dear Mr. Scott:

Enclosed is the Final Order issued by the Associate Administrator for Pipeline Safety in the above-referenced case. It makes findings of violation, finds that you have completed the corrective actions proposed in the Notice of Probable Violation and assesses a civil penalty of \$25,000. The penalty payment terms are set forth in the Final Order. This enforcement action closes automatically upon payment. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Sincerely,

for

Gwendolyn M. Hill  
Pipeline Compliance Registry  
Office of Pipeline Safety

Enclosure

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**



DEPARTMENT OF TRANSPORTATION  
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION  
OFFICE OF PIPELINE SAFETY  
WASHINGTON, DC 20590

\_\_\_\_\_  
In the Matter of )  
Colonial Pipeline Company, )  
Respondent. )  
\_\_\_\_\_ )

CPF No. 29504

**FINAL ORDER**

Between February 10, 1999 and July 1, 1999, a representative of the Office of Pipeline Safety (OPS) conducted an investigation of the February 10, 1999 accident involving Respondent's pipeline in Knoxville, TN. As a result of the investigation, the Director, Southern Region, OPS, issued to Respondent by letter dated November 4, 1999, a Notice of Probable Violation, Proposed Civil Penalty and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had violated 49 C.F.R. §§ 195.402 and 195.442 and proposed assessing a civil penalty of \$25,000 for the alleged violations.

Respondent requested and received an extension to respond until January 4, 2000. Respondent responded to the Notice by letter dated January 4, 2000 (Response). Respondent did not contest the allegations of violation but offered an explanation and provided information in mitigation of the proposed civil penalty. By letter dated March 28, 2001, Respondent set forth its actions in completion of the Proposed Compliance Order. Respondent did not request a hearing, consequently Respondent waived its right to one.

**FINDING OF VIOLATION**

In its Response, Respondent did not contest the alleged violations in the Notice. Accordingly I find that Respondent violated the following sections of 49 C.F.R. Part 195, as more fully described in the Notice:

49 C.F.R. § 195.402--

- (a) – failing to prepare and follow, for its 10" line 18, a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies in: not performing sufficient investigation of an "over/short" calculation on the Atlanta to Knoxville Line 18 on February 10, 1999, as Respondent's Control Center



Operations manual procedures required immediate investigation and correction of abnormal over/short calculations as part of its leak detection strategy; not performing adequate leak detection;

(c)(3)—failing to include in your manual specific procedures for accident prevention, emergency preparedness and response, and implementing a public education program;

(c)(12)—failing to have adequate procedures for maintaining a liaison with fire, police and other public officials to learn the responsibility and resources of each government organization that may respond to a hazardous liquid pipeline emergency and acquaint the officials with the operator's ability in responding to such emergency;

49 C.F.R. § 195.442—failing to have a written damage prevention program and

(c)(1)—failing to include in a damage prevention program the identity, on a current basis, of persons who normally engage in excavation activities in the area in which the pipeline is located;

(c)(2)—failing to provide for notification to the public in the vicinity of the pipeline and actual notification to the persons identified in (c)(1) as often as needed to make them aware of the damage prevention program;

(c)(6)—failing to provide for inspection of pipelines that an operator has reason to believe could be damaged by excavation activities

(i)—failing to provide that inspection must be done as frequently as necessary during and after the activities to verify the integrity of the pipeline; and

(ii)—failing to provide that in the case of blasting, any inspection must include leakage surveys.

These findings of violation will be considered prior offenses in any subsequent enforcement action taken against Respondent.

#### ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to a civil penalty not to exceed \$100,000 per violation for each day of the violation up to a maximum of \$1,000,000 for any related series of violations.

49 U.S.C. § 60122 and 49 C.F.R. § 190.225 require that, in determining the amount of the civil penalty, I consider the following criteria: nature, circumstances, and gravity of the violation, degree of Respondent's culpability, history of Respondent's prior offenses, Respondent's ability to pay the penalty, good faith by Respondent in attempting to achieve compliance, the effect on Respondent's ability to continue in business, and such other matters as justice may require.



The Notice proposed a penalty of \$25,000 for violation of § 195.402(a). OPS found that Respondent did not adequately investigate the cause of the erratic pressure and flow rate that preceded the February 10, 1999 accident. Respondent acknowledged that its own internal investigation, and those of two independent consultants retained by Respondent, confirmed OPS' findings.

Had Respondent followed its manual, and addressed the possibility that the line was leaking, it could have avoided, or at least lessened the impact of, the accident. That accident resulted in the release of approximately 1,275 barrels of oil, including a six mile oil slick in the Tennessee River, interruption of river traffic during the cleanup, contamination of 18,400 tons of soil, which had to be removed, damage to several houses from product spray, and evacuation of residents in the area of the leak.

This violation is a prior offense, as Respondent was found in violation of § 195.402 in 2002. Respondent has not shown any circumstance that would justify reducing the civil penalty. Accordingly, having reviewed the record and considered the assessment criteria, I assess respondent a total of \$25,000. A determination has been made that Respondent has the ability to pay this penalty without adversely affecting its ability to continue in business.

Payment of the civil penalty must be made within 20 days of service. Federal regulations (49 C.F.R. 89.21(b)(3)) require this payment be made by wire transfer, through the Federal Reserve Communications system (Fedwire), to the account of the U.S. Treasury. Detailed instructions are contained in the enclosure. Questions concerning wire transfers should be directed to: Financial Operations Division (AMZ-120), Federal Aviation Administration, Mike Monroney Aeronautical Center, P.O. Box 25770, Oklahoma City, OK 73125; (405) 954-4719.

Failure to pay the \$25,000 civil penalty will result in accrual of interest at the current annual rate in accordance with 31 U.S.C. § 3717, 31 C.F.R. § 901.9 and 49 C.F.R. § 89.23. Pursuant to those same authorities, a late penalty charge of six percent (6%) per annum will be charged if payment is not made within 110 days of service. Furthermore, failure to pay the civil penalty may result in referral of the matter to the Attorney General for appropriate action in a United States District Court.

#### COMPLIANCE ORDER

The Notice proposed a compliance order for violations of 49 C.F.R. §§ 195.402, and 195.442. Respondent has demonstrated corrective action addressing the items in the proposed compliance order.

With respect to violation of § 195.402, the Proposed Compliance Order required Respondent to review and update its written operating procedures and training program to ensure that operating conditions that may be indicative of a leak are seriously considered as a possible leak, and the methodology used in investigating these conditions includes the assumption that a facility leak is present until objectively discounted. The Proposed Compliance Order required Respondent to review and update its leak detection procedures and systems (human and automated), and training program to ensure they cover all normal pipeline conditions on Respondent's system, including facilities such as the East Knoxville line which may be shut in and isolated under normal conditions.



Respondent changed its Control Center Operations Manual procedures to include: "Anytime a line is shut down to investigate a continuous minor hourly shortage, the line will only be re-started with the concurrence of a representative from the Engineering Services Team" and "Any [sic] time an unscheduled shutdown occurs, the line will only be re-started with the concurrence of a Senior Controller." Respondent is incorporating the details of the February 10, 1999 accident in training scenarios. Respondent has established line balance values for each pipeline, which, according to Respondent, provides for a more formal decision-making process compared to its previous process, in which each controller determined for himself what amount of imbalance might be suspected of being a very small leak.

Respondent revised its training for controllers to include an annual Controller Refresher and Maximum Critical Event Training class in which controllers are trained to use Hourly Over/Short calculations and pressure and flow indications to determine the probability of a leak in day- to- day operations. Controllers are also taught to monitor line pressures in isolated segments that are temporarily shut down. Respondent stated that: its newly installed SCADA system includes some leak detection capability; Respondent's engineers are gathering actual operating data for the purpose of investigating methods on non-model based leak detection; and Respondent has established an inter-disciplinary team to study, research and recommend on internal and external methods of automated pipeline monitoring.

With respect to violation of § 195.442, the Proposed Compliance Order required Respondent to prepare a comprehensive written Damage Prevention Program, and review and update its Right of Way Inspector Handbook procedures and the applicable sections of the DOT Reference Guide. Respondent's written program and procedures had to address the responsibilities and required actions of field personnel and of headquarters personnel in meeting the program requirements, including requirements to document notifications and follow-up activities. Respondent submitted, for OPS' review, a new "Damage Prevention Program for Encroachments." According to Respondent, this procedure resides in the DOT Reference Guide located on Respondent's Intranet. The "Right of Way Inspector Handbook" is incorporated as a reference document. Respondent redesigned its Right of Way organization, and anticipated that it would revise its Damage Prevention Program accordingly.

The Proposed Compliance Order required Respondent to include in its written procedures how Respondent complies with the requirements of § 195.402(c)(12), and to formalize and document its public information program. Respondent developed a formal education program in response to CPF No. 29505M, Notice of Amendment. Part of the Education Program is an "Education Program for Emergency Response Agencies".

Because Respondent's actions satisfied the proposed compliance terms, no need exists to issue a compliance order.

Under 49 C.F.R. § 190.215, Respondent has a right to petition for reconsideration of this Final Order. However, if the civil penalty is paid, the case closes automatically and Respondent waives the right to petition for reconsideration. The filing of the petition automatically stays the payment of any civil penalty assessed. The petition must be received within 20 days of Respondent's receipt of this Final Order and must contain a brief statement of the issue(s). The terms and conditions of this Final Order are effective on receipt.



Stacey Gerard

*he* Associate Administrator  
for Pipeline Safety

AUG - 6 2003

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Date Issued